



WISDOM

**WISDOM
SPORTS GROUP
智美體育集團**

Stock Code:1661

(Incorporated in the Cayman Islands with limited liability)

智其身心
享其体魄

**2020
INTERIM
REPORT**



为健康 为快乐

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Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Wen (also known as Ms. Ren Guozun)
(Chairlady)
Mr. Sheng Jie *(Vice Chairman)*
Mr. Song Hongfei *(President)*
Ms. Hao Bin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Zhijian
Mr. Ip Kwok On Sammy
Mr. Jin Guoqiang

AUDIT COMMITTEE

Mr. Chen Zhijian *(Chairman)*
Mr. Jin Guoqiang
Mr. Ip Kwok On Sammy

REMUNERATION COMMITTEE

Mr. Jin Guoqiang *(Chairman)*
Mr. Chen Zhijian
Mr. Song Hongfei

NOMINATION COMMITTEE

Ms. Ren Wen *(Chairlady)*
Mr. Ip Kwok On Sammy
Mr. Jin Guoqiang

COMPANY SECRETARY

Ms. Hao Bin

AUTHORISED REPRESENTATIVES

Ms. Hao Bin
Mr. Sheng Jie

COMPANY'S REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

7/F, Block 1
No. 16, Xinyuanli
Chaoyang District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

HONG KONG LEGAL ADVISERS

King & Wood Mallesons
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East, Wanchai
Hong Kong

WEBSITE

www.wisdomsports.com.cn

Chairlady's Statement

Dear Shareholders,

2020 is a difficult year for athletes. Along with the outbreak of the novel coronavirus (“**COVID-19**”) pandemic since the beginning of the year, athletes had to pause to stop the long-term hustle, and peacefully wait for everything to recover after the end of the outbreak.

As predicted at the management meeting earlier this year, the marathon itself is a large-scale crowd gathering event, and the resumption of its operation may be later than that of cinemas and theaters. Since the outbreak of the COVID-19 pandemic, it caused a great impact on each sector of the national economy. However, we are also pleased to see that some sectors such as catering, cinemas and theaters, and education in China have returned to the normal routine due to the highly effective prevention and control of the COVID-19 pandemic. The sports industry is also trying to gradually resume the operation of sports events conditional on meeting the requirements of the pandemic prevention and control. This is a situation that athletes love to see.

Due to the impact of the pandemic, none of the marathon events to which Wisdom Sports Group (the “**Company**” or “**Wisdom**”) has operating rights could be organised as scheduled in the first half of the year, which was also reflected in the Company's financial statements for the first half of the year. Based on the management's forecast of the development of the pandemic, the management has decisively reduced costs in all aspects and effectively increased capital income to ensure that the Company maintains a stable and healthy cash flow. At the same time, the Company is also discussing and seeking opportunities for business expansion in other areas, including investments in relevant areas, to make the Company's business pattern more diversified and avoid the risk of a single sports business.

On one hand, the Company is currently engaged in on-going communications with local governments to resume events operation. On the other hand, the Company is carrying out research and discussion and market survey on new project areas. We have observed that some marathon events in the market have gradually entered the preparatory stage. We are very clear that even if the pandemic is under control and the events operation can be resumed, the scale and influence of the events will be greatly reduced due to the impact of the pandemic and sponsors will also decrease their market spending under the impact of the pandemic. For the events operating companies, there is still a long way to go to restore the commercialisation of sports events. Long-term strategies for the organisation and operation of sports events should be established accordingly in the context of long-term coexistence with the pandemic.

Nevertheless, we always believe that the pandemic will be eventually over. Good health and a happy life are still the essentials of the broad masses of people. The pandemic will undoubtedly increase people's care for health to develop constant exercise habits and maintain good physical quality, thereby coexisting with the pandemic in the long run. The Company will also provide more suitable products and services for mass sports population in addition to marathon events to meet their growing needs.

I hereby wish all shareholders good health and thank you for your support and attention to Wisdom. There is always ample time ahead of us.

Yours faithfully,
Ren Wen
Chairlady

Management Discussion and Analysis

GROUP OVERVIEW

Due to the worldwide outbreak of the COVID-19 pandemic since the beginning of 2020, the cancellation or suspension of many international sports events was announced successively. In particular, the postponement of the 2020 Tokyo Olympic Games was also confirmed. Since all large-scale sports events in China have been under lockdown, the operation of the sports industry therefore had to be suspended. While the loss to global sports economy is inevitable, no sports event organisations and operators in all countries can stand aloof.

The marathon event itself is characterised by high density and large mobility of people. In view of the outbreak of the COVID-19 pandemic, reducing crowd gathering and social distancing would be effective measures to strictly control the further spread of the pandemic. Therefore, the General Office of the General Administration of Sport of China issued the “Notice on Temporarily Not Restoring Marathon and Other Sports Events” on 31 March 2020 to ensure the safety and health of the broad masses of the people.

As an operator of many marathon events in China, the Company and its subsidiaries (collectively the “**Group**”) have also been adversely impacted by the pandemic in terms of its business operations and financial results. Given the continuous spread of the pandemic after the Spring Festival, the management of the Group has discussed and determined a phased strategy of the Company shortly to be well positioned to increase revenue and reduce expenditure and weather the “cold winter” amidst unfavourable conditions. On one hand, due to inability to resume work as a result of the outbreak of the pandemic, while implementing home isolation, the relevant employees have constantly paid attention to the development and trend of the pandemic, and paid close attention to the policy trends of the General Administration of Sport of China on the organisation and operation of large-scale events, and also maintained continuous communication with many event organising committees to ensure that the Group can carry out events organisation as soon as possible once the lockdown is uplifted. On the other hand, the Group further optimised its costs and expenses, and increased the Group’s capital income through investment in financial products to ensure continuous and stable cash flow of the Group.

In the events operation and marketing and the sports services segment, the Group successfully won the bid for the Lu’an Marathon* (六安馬拉松) in the first half of the year and continued to participate in the secured bidding for the Rongcheng Marathon* (榮成馬拉松). Meanwhile, in the circumstance of inability to operate large-scale offline events, the Group actively worked with event organisers and partners to create online marathon events and organised the 2020 Nanchang Online Hero Marathon* (2020南昌線上英雄馬). Through the close connections with many runner groups and runners, the Group has actively maintained continuous communication and interaction with runners, and listened to the opinions and suggestions of runners to lay a good foundation for the organisation of large-scale events after resumption of work and production.

Meanwhile, the Group is also actively developing investment opportunities in sports, finance and other related fields in a bid to create a two-wheel driving development model in the “sports + finance” field.

* for identification purpose only

OUTLOOK OF THE INDUSTRY AND THE GROUP

Even though the outbreak of the COVID-19 pandemic has a significant impact on the sports industry, the Group believes that the logic of long-term development of the sports industry and sports consumption will not change. The pandemic outbreak has driven more masses to pay more attention to their own well-being and health, and doing exercise is an important way and means to stay healthy. On the other hand, the mass enthusiasm for sports consumption has only been deferred rather than eliminated and the field of sports events shall recover quickly and rise again after the end of the outbreak.

Based on the judgment of the development trend of the pandemic in the second half of the year that the outbreak will not completely disappear and no vaccine will be available for pandemic prevention in the short term, event operators should consider more how to persist until spring flowers bloom after the outbreak is over. The outbreak of the pandemic has led to the shutdown of sports event companies in China. It is believed that only few sports companies can survive the cold winter and the current priority is to keep a low profile and cultivate internal strength in the cold winter to ensure stable and sustainable development of the Company. The opportunities and crisis co-exist, only good self-cultivation can help the Group accumulate comprehensive operational capabilities and financial strength in the face of the competition of high-quality event resources in the industry after sports events are reopened as pandemic eases, thereby achieving rapid re-emergence.

Compared with the rest of the world, China controlled the spread of the pandemic earlier and gradually recovered. By the end of May, the General Administration of Sport of China issued the “Guidance on Orderly Resumption of Sports Events”, which required prudent, safe and orderly resumption of sports events and activities. Currently, China Basketball Association and Chinese Football Association Super League have gradually resumed their games. Although more time is required to resume marathon events because of its nature of large-scale mass event, the Group will continue to maintain close communication with relevant organisers and governments on the sports events to be held in the second half of the year, with an aim to bring more high-quality sports events to runners after the marathon events are resumed, so as to continuously extend its leadership position in the sports industry with full strength.

FINANCIAL REVIEW

During the reporting period, the Group had two business divisions which represented two reportable operating segments, namely: (a) the Events Operation and Marketing segment, which mainly provides marketing services in conjunction with sports-related competitions. Its revenue includes mainly corporate sponsorship income; and (b) the Sports Services segment, which provides services mainly to government, marathon runners and media companies in conjunction with sports-related competitions. Its revenue includes mainly events organisation income, live broadcasting and program production income, individual consumption income and timing services income.

Management Discussion and Analysis

Revenue

The Group's revenue decreased by approximately 97.7% to RMB1.0 million for the six months ended 30 June 2020 from RMB43.5 million for the six months ended 30 June 2019, which was mainly due to the fact that the events could not be organised as scheduled in the first half of the year as a result of the outbreak of the COVID-19 pandemic. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment decreased by 100% to RMB Nil for the six months ended 30 June 2020 from RMB8.3 million for the six months ended 30 June 2019; and
- Revenue of the Sports Services segment decreased by approximately 97.2% to RMB1.0 million for the six months ended 30 June 2020 from RMB35.2 million for the six months ended 30 June 2019.

Cost of Services

The Group's cost of services decreased by approximately 92.5% to RMB5.3 million for the six months ended 30 June 2020 from RMB70.6 million for the six months ended 30 June 2019, which was mainly due to the fact that the events could not be organised as scheduled in the first half of the year as a result of the outbreak of the COVID-19 pandemic. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment decreased by 100% to RMB Nil for the six months ended 30 June 2020 from RMB33.8 million for the six months ended 30 June 2019; and
- Cost of the Sports Services segment decreased by approximately 85.6% to RMB5.3 million for the six months ended 30 June 2020 from RMB36.8 million for the six months ended 30 June 2019.

Gross Loss and Gross Loss Margin

As a result of the aforementioned factors, the gross loss of the Group decreased by approximately 84.1% to RMB4.3 million for the six months ended 30 June 2020 from RMB27.1 million for the six months ended 30 June 2019, and the gross loss margin increased to approximately 430.0% for the six months ended 30 June 2020 from 62.3% for the six months ended 30 June 2019. The changes in both gross loss and gross loss margin were mainly due to the fact that the events could not be organised as scheduled in the first half of the year as a result of the outbreak of the COVID-19 pandemic. Details based on reportable segments are as follows:

- As a result of the foregoing changes in revenue and cost of services of the Events Operation and Marketing segment, the gross loss for the Events Operation and Marketing segment decreased by 100% to RMB Nil for the six months ended 30 June 2020 from RMB25.5 million for the six months ended 30 June 2019; and the gross loss margin decreased to 0% for the six months ended 30 June 2020 from 307.2% for the six months ended 30 June 2019; and
- As a result of the foregoing changes in revenue and cost of services of the Sports Services segment, the gross loss for the Sports Services segment increased by 168.8% to RMB4.3 million for the six months ended 30 June 2020 from RMB1.6 million for the six months ended 30 June 2019; and the gross loss margin increased to 430.0% for the six months ended 30 June 2020 from 4.5% for the six months ended 30 June 2019.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 91.7% to RMB1.1 million for the six months ended 30 June 2020 from RMB13.2 million for the six months ended 30 June 2019. The decrease was mainly attributable to the optimisation of labour cost by the Group and the decrease in promotion and marketing consultancy fees due to the fact that the events could not be organised as scheduled in the first half of the year as a result of the outbreak of the COVID-19 pandemic.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 43.8% to RMB17.6 million for the six months ended 30 June 2020 from RMB31.3 million for the six months ended 30 June 2019. This decrease was mainly due to the enhancement of daily expense management and optimisation of labour cost by the Group.

Other Income

The Group's other income decreased by approximately 30.2% to RMB6.7 million for the six months ended 30 June 2020 from RMB9.6 million for the six months ended 30 June 2019. The decrease was mainly due to the decrease in the income generated from the treasury products purchased from reputable financial institutions.

Management Discussion and Analysis

Other Losses

The Group's other losses decreased by approximately 96.1% to net losses of RMB9.9 million for the six months ended 30 June 2020 from the net losses of RMB256.3 million for the six months ended 30 June 2019. The decrease in losses was mainly due to: (i) the impairment of the goodwill under the Events Operation and Marketing cash-generating unit (“CGU”) and the Sports Services CGU; and (ii) the write-off of an exclusive operating right to a “Running in China”* (奔跑中國) marathon event under intangible assets of Beijing Shangde Da'ai Sports Co., Ltd.* (北京上德大愛體育有限公司)(“SDDA”), a subsidiary of the Company, during the corresponding period last year.

Loss before Income Tax

As a result of the foregoing, the Group's loss before income tax decreased by 91.6% to RMB26.9 million for the six months ended 30 June 2020 from RMB319.7 million for the six months ended 30 June 2019.

Income Tax Credit

The Group's income tax credit was RMB3.9 million for the six months ended 30 June 2020, while the income tax credit was RMB24.7 million for the six months ended 30 June 2019. The change was mainly due to the reversal of deferred tax liability upon the write-off of an exclusive operating right to a “Running in China”* (奔跑中國) marathon event under intangible assets of SDDA during the corresponding period last year.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company decreased by 91.9% to RMB21.8 million for the six months ended 30 June 2020 from RMB270.7 million for the six months ended 30 June 2019.

Cash Flow

As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately RMB23.0 million compared with that of approximately RMB167.3 million as at 31 December 2019.

Working Capital

The Group's net current assets increased by approximately 2.6% to RMB320.2 million as at 30 June 2020 from RMB312.1 million as at 31 December 2019. The Group maintained a stable net current asset value and a relatively high level of working capital that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total spending on the acquisition of property, plant and equipment amounted to RMB58.4 million for the six months ended 30 June 2020 (six months ended 30 June 2019: RMB0.4 million).

* for identification purpose only

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2020, the Group had net current assets of RMB320.2 million (31 December 2019: RMB312.1 million), of which cash and cash equivalents amounted to RMB23.0 million (31 December 2019: RMB167.3 million).

The Group adopts a prudent approach in treasury management, ensuring that the Group maintains strong reserves of cash to finance its daily operations and future developments.

In addition to the Group's payment arrangements with the clients set forth in the relevant agreements, the Group conducts a periodic review of their payment progress in the Group's internal control system and assesses the Group's credit policy for them. After taking into account of a series of factors, including transaction volume, length of business relationship, prior dealing history with the Group, creditworthiness, the industry practice, the macroeconomic and market competition environment, the Group's financial position and working capital needs and the Group's marketing and sales strategy, the Group may further extend credit periods ranging from three to six months for some of the clients in practice. Such extension of credit periods is granted on a case-by-case basis and not set forth in the payment terms in the Group's agreements with relevant clients. The Group will continue to monitor the payment progress of these clients and take appropriate measures as to the collection of trade and notes receivables based on the Group's assessment and ongoing communications with the clients.

The Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in foreign exchange rates for the six months ended 30 June 2020 and the Group has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

Management Discussion and Analysis

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the “**Prospectus**”) was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group. As at the date of this interim report, no option has been exercised. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this interim report, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the six months ended 30 June 2020.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR SIGNIFICANT INVESTMENTS OR ACQUISITIONS OF MATERIAL CAPITAL ASSETS IN THE FUTURE

Acquisition of interest in Yuan Tong Global Financial Group Limited

The Company entered into a sale and purchase agreement (the “**Agreement**”) with LPD Investments Limited (the “**Vendor**”), an independent third party, on 12 May 2020 in relation to the acquisition of 49% of the issued share capital (the “**Acquisition**”) of Yuan Tong Global Financial Group Limited (the “**Target Company**”) for a consideration of HK\$53,410,000. Pursuant to the terms of the Agreement, the Company shall pay the Vendor 15% of the consideration, being HK\$8,011,500, as refundable down payment. The Target Company is a company incorporated in Hong Kong with limited liability and, through its subsidiaries, is engaged in, among others, the provision of (i) securities brokerage; (ii) wealth and asset management; and (iii) corporate financial services such as underwriting and placing of IPO shares. In view of the optimistic prospect for the financial services industry in Hong Kong, the board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company is of the opinion that the Acquisition will enable the Group to capitalise on the active financial market in Hong Kong and would broaden its sources of income. This transaction constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). For details, please refer to the announcement of the Company dated 12 May 2020. The Acquisition has not been completed as at the date of this interim report.

Subscriptions to the Baoying A-001 Private Investment Fund* (寶盈A-001號私募投資基金)

On 21 April 2020, Shenzhen Wisdom Sports Industry Co., Ltd.* (深圳智美體育產業有限公司) (“**Shenzhen Wisdom**”), a wholly-owned subsidiary of the Company, subscribed to the Baoying A-001 Private Investment Fund* (寶盈A-001號私募投資基金) (the “**Fund**”) with RMB50 million (the “**Subscription**”), which was managed by Qianhai Century Fund Management Co., Ltd.* (前海世紀基金管理有限公司) (the “**Fund Manager**”). The Fund invests in “Jubao No.1 Private Investment Fund”* (鉅寶1號私募投資基金), which invests in various monetary instruments such as bonds, bond funds, and other fixed incomes and fixed-class income products. As the Subscription had matured, Shenzhen Wisdom had made subsequent subscriptions to the Fund (the “**Further Subscriptions**”). The Fund does not guarantee to capital protection and minimum return. The expected annualised rate of return also differs based on each subscription.

* for identification purpose only

The Group has been constantly looking for business opportunities to enhance shareholders' value while abiding to the internal investment policy of the Group. In light of the current low interest rates on bank deposits and the stable return of the Fund, the Board is of the view that the Subscription and the Further Subscriptions will enable the Company to continue to utilise its Renminbi surplus cash reserves more efficiently. Pursuant to Rule 14.22 of the Listing Rules, as the Subscription and the Further Subscriptions were entered into between Shenzhen Wisdom and the Fund Manager within a 12-month period, the Subscription and Further Subscriptions were considered and were aggregated as one transaction (the "**Transaction**"). As at the date of this interim report, the Group had recognised return approximately RMB808,340 from the Transaction. The Transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 21 April 2020, 5 June 2020, 13 July 2020 and 24 August 2020, respectively.

On 2 April 2020, Beijing Wisdom Sports Culture Co., Ltd.* (北京智美體育文化有限公司), a wholly-owned subsidiary of the Company, also subscribed to a certain portion of the Fund with RMB32 million and withdraw the Fund before the maturity date. During the subscription holding period, the Group had recognised return approximately RMB95,386 from the transaction. This transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 2 April 2020 and 20 April 2020, respectively.

Investment in the Zhixin No.1003 Trust Scheme* (至信1003號集合資金信託計劃)

On 12 May 2020, Shenzhen Wisdom entered into a trust scheme agreement (the "**Minsheng Trust Scheme Agreement**") with China Minsheng Trust Co., Ltd., ("**Minsheng Trust**") pursuant to which Shenzhen Wisdom agreed to invest in the Zhixin No.1003 Trust Scheme* (至信1003號集合資金信託計劃) (the "**Minsheng Trust Scheme**") offered by Minsheng Trust for RMB34 million (the "**Minsheng Investment**"). Pursuant to the terms of the Minsheng Trust Scheme Agreement, Minsheng Trust will utilise the investment contribution by investing in the underlying assets of a third party company, namely, Sunac Hetai (Tianjin) Factoring Limited* (融創和泰(天津)商業保理有限公司) ("**Sunac Hetai**"). The underlying assets are in the form of receivables derived from the sale of commercial housing projects conducted by certain subsidiaries of Sunac China Holdings Limited ("**Sunac**"). Upon completion of the sale of the commercial housing projects, the receivables will be transferred to Sunac Hetai and Sunac Hetai will distribute the earnings to the Minsheng Trust Scheme whereby the beneficiaries will receive the payouts based on their respective investment proportions plus the annualised rate of return. The Minsheng Investment does not guarantee to capital protection and minimum return. The expected annualised rate of return is 4.7%. The Board is of the opinion that investments in short-term wealth management products such as the Minsheng Trust Scheme will improve the Group's efficiency on capital utilisation, earn extra return on investment and combat inflation while not affecting the Group's daily cash flows. As at the date of this interim report, the Group had recognised return approximately RMB126,964 from the Minsheng Investment. The Minsheng Investment constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 12 May 2020 and 18 May 2020, respectively.

* for identification purpose only

Management Discussion and Analysis

Investment in the Chang'an Trust – Wenjian Zengli No.1 Trust Scheme* (長安信託 • 穩健增利1號集合資金信託計劃)

On 7 April 2020, Beijing Wisdom Sports Industry Co., Ltd.* (北京智美體育產業有限公司) (“**Beijing Wisdom Sports**”), a wholly-owned subsidiary of the Company, entered into a trust scheme agreement (the “**Chang'an Trust Scheme Agreement**”) with Chang'an International Trust Co., Ltd., (“**Chang'an Trust**”), pursuant to which Beijing Wisdom Sports agreed to invest in the Chang'an Trust – Wenjian Zengli No.1 Trust Scheme* (長安信託 • 穩健增利1號集合資金信託計劃) (the “**Chang'an Trust Scheme**”) established by Chang'an Trust for RMB40 million (the “**Chang'an Investment**”). The Chang'an Trust Scheme will invest in, among others, various monetary instruments, bonds, bond funds, and other fixed income products and other short-term financial instruments with low risk and good liquidity. As the Chang'an Investment had matured, Beijing Wisdom Sports had re-invested in the Chang'an Trust Scheme (the “**Chang'an Re-investment**”). The Chang'an Trust Scheme does not guarantee to capital protection and minimum return. The expected annualised rate of return also differs based on each investment.

The Board is of the opinion that investments in short-term wealth management products such as the Chang'an Trust Scheme will improve the Group's efficiency on capital utilisation, earn extra return on investment and combat inflation while not affecting the Group's daily cash flows. Pursuant to Rule 14.22 of the Listing Rules, as the Chang'an Investment and Chang'an Re-investment were conducted within a 12-month period, the Chang'an Investment and Chang'an Re-investment were considered and were aggregated as one transaction (the “**Chang'an Investments**”). As at the date of this interim report, the Group had recognised approximately RMB578,410 from the Chang'an Investments. The Chang'an Investments constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 7 April 2020 and 15 July 2020, respectively.

Save as disclosed in this interim report, during the six months ended 30 June 2020, the Company had no other significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. Save as disclosed in the relevant announcements and in this interim report, as at the date of this interim report, the Company has no plans for significant investments or acquisitions of material capital assets in the future.

CHARGE ON ASSETS

As at 30 June 2020, there was no charge on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no material contingent liabilities.

* for identification purpose only

FINANCIAL RATIO

The table below sets forth selected financial ratios of the Group:

Financial ratio	As at 30 June 2020	As at 31 December 2019
Current ratio	577.2%	445.4%
Gearing ratio	N/A	N/A

Notes:

1. Current ratio represents a ratio of current assets to current liabilities.
2. Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at 30 June 2020 and 31 December 2019.

HUMAN RESOURCES

The total number of employees of the Group was 55 as at 30 June 2020. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the six months ended 30 June 2020 amounted to RMB4.4 million.

In accordance with the corporate development strategies along with the practical business needs, the Group has provided various training programs to its staff according to their positions via a number of channels, including induction courses for new staff, training of professional knowledge in connection with finance, internal control and evaluation of the value of each position, etc. as well as different special training.

Management Discussion and Analysis

CONNECTED TRANSACTIONS AND STRUCTURED CONTRACTS

As the business operation of Beijing Wisdom Media Holding Co., Ltd. (北京智美傳媒股份有限公司) (“**Beijing Wisdom Media**”) constitutes business activities which are subject to prohibition or restriction on foreign investment under the laws of the People’s Republic of China (the “**PRC**”) (the “**Restricted Business**”), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts (the “**Structured Contracts**”) designed to provide Beijing Wisdom Culture Co., Ltd., a wholly-owned subsidiary of the Company whose name was changed to Beijing Wisdom Sports Industry Co., Ltd. (北京智美體育產業有限公司) on 3 March 2017 and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by the PRC laws and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013. Pursuant to the Structured Contracts, all material business activities of Beijing Wisdom Media are instructed and supervised by Beijing Wisdom Sports and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group. The Structured Contracts constitute non-exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.42(3) of the then effective Chapter 14A of the Listing Rules (now Rule 14A.105 of the Listing Rules), the Company has applied to the Stock Exchange, and the Stock Exchange has granted a waiver from strict compliance with: (i) announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to Beijing Wisdom Sports under the Structured Contracts; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less.

Operating Entities of the Group Controlled Through the Structured Contracts

During the six months ended 30 June 2020, the following are operating entities of the Group controlled through the Structured Contracts:

- (i) Beijing Wisdom Media, a limited liability company incorporated in the PRC and principally engaged in production, distribution of TV variety shows and feature films, television program planning, design, production, agency and distributing advertisement, and organisation of cultural and artistic communication events in the PRC;
- (ii) First AI Sports Technology (Shenzhen) Co., Ltd.* (第一智能體育科技(深圳)有限公司) (“**First AI**”), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in the service provision for the live broadcasting of large-scale tournaments and marathon timing; and
- (iii) Beijing Xinglian Lihe Technology Co., Ltd.* (北京興聯力合科技有限公司) (“**Xinglian Lihe**”), a limited liability company incorporated in the PRC and an indirect 51.02% owned subsidiary of Beijing Wisdom Media, principally engaged in the service provision for the live broadcasting and video production of large-scale tournaments.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the interests and short positions of the Directors or chief executives of the Company in the shares of the Company (the “**Shares**”), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Ms. Ren Wen	Founder of discretionary trust (<i>Note 1</i>)	602,780,000	37.84%
	Interest of controlled corporations (<i>Note 2</i>)	98,751,000	6.20%
Mr. Song Hongfei	Beneficial owner (<i>Note 3</i>)	4,715,000	0.30%
Ms. Hao Bin	Beneficial owner (<i>Note 4</i>)	250,000	0.02%

Notes:

- These 602,780,000 Shares were held by Queen Media Co., Ltd. (“**Queen Media**”). The entire issued share capital of Queen Media was owned by Sky Limited (“**Trust Co**”), whose entire issued share capital was the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which was a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust included Ms. Ren Wen and her family members. Accordingly, Ms. Ren Wen was deemed or taken to be interested in all the Shares held by Queen Media for the purpose of the SFO.
- Out of the 98,751,000 Shares, 75,961,000 Shares were held by Lucky Go Co., Ltd. and 22,790,000 Shares were held by Top Car Co., Ltd. Ms. Ren Wen held approximately 78.88% equity interest in Lucky Go Co., Ltd. and 43.69% equity interest in Top Car Co., Ltd., respectively, and hence was deemed or taken to be interested in all the Shares held by Lucky Go Co., Ltd. and Top Car Co., Ltd. for the purpose of the SFO.
- Among the 4,715,000 Shares that Mr. Song Hongfei was interested in, 215,000 Shares were share options granted to him on 23 May 2014 under the share option scheme of the Company with an exercise price of HK\$3.92 per Share.
- Among the 250,000 Shares that Ms. Hao Bin was interested in, 150,000 Shares were share options granted to her on 29 May 2015 under the share option scheme of the Company with an exercise price of HK\$8.036 per Share.

Disclosure of Interests

(ii) Long position in the shares of the associated corporations

Name of Director	Name of associated corporation	Class of interest	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media (<i>Note 1</i>)	Ordinary	52.38%
	First AI (<i>Note 2</i>)	Ordinary	100%
	Xinglian Lihe (<i>Note 3</i>)	Ordinary	51.02%
Mr. Sheng Jie	Beijing Wisdom Media (<i>Note 1</i>)	Ordinary	8.46%

Notes:

1. Beijing Wisdom Media is an indirect subsidiary of the Company controlled through the Structured Contracts. For details, please refer to the subsection headed "Connected Transactions and Structured Contracts" in the section headed "Management Discussion and Analysis". Accordingly, Beijing Wisdom Media is an associated corporation of the Company within the meaning of Part XV of the SFO.
2. A wholly-owned subsidiary of Beijing Wisdom Media.
3. A 51.02% owned subsidiary of First AI.

Save as disclosed above, as at 30 June 2020, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OR SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2020, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Trust Co	Interest of controlled corporation	602,780,000 (<i>Note 1</i>)	37.84%
Credit Suisse Trust Limited	Trustee	602,780,000 (<i>Note 1</i>)	37.84%
Brock Nominees Limited	Nominee	602,780,000 (<i>Note 1</i>)	37.84%
Tenby Nominees Limited	Nominee	602,780,000 (<i>Note 1</i>)	37.84%
Queen Media	Beneficial owner	602,780,000 (<i>Note 1</i>)	37.84%

Note:

- These 602,780,000 Shares were held by Queen Media. The entire issued share capital of Queen Media was owned by Trust Co, whose entire issued share capital was held as to 50% by Brock Nominees Limited and 50% by Tenby Nominees Limited. The entire issued share capital of Trust Co was the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which was a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust included Ms. Ren Wen and her family members.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Important Events

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 14 June 2013 for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group, which became effective on the listing date. The Board may, at its discretion, grant options (the “**Options**”) pursuant to the Share Option Scheme to the substantial shareholders, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries, employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

The Directors were authorised to grant Options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of Options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which Options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the Global Offering (as defined in the Prospectus), being 160,000,000 Shares, unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

The maximum number of Shares (i.e. 160,000,000 Shares) in respect of which Options may be granted under the Share Option Scheme represents 10.04% of the total number of the issued Shares as at the date of this interim report (assuming no Shares were issued and/or repurchased after 28 August 2020, being the latest practicable date for ascertaining certain information in this interim report). As at the date of this interim report, the number of Shares available for issue under the Share Option Scheme (excluding those Options granted but not exercised) amounted to 159,535,000 Shares, representing approximately 10.02% of the issued Shares.

An offer for the grant of Options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an Option to the Company on acceptance of the offer for the grant of an Option is HK\$1.00. The total number of Shares issued and to be issued upon exercise of Options granted to any participant under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of Options in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his/her associates abstaining from voting. The Share Option Scheme will remain in force for a period of ten years commencing on the date of adoption, which is 14 June 2013, and shall expire at the close of business on the business date immediately preceding the tenth anniversary thereof unless terminated earlier by shareholders in general meeting.

There is no minimum period for which an Option must be held before it can be exercised, and the period during which an Option may be exercised will be determined by the Board in its absolute discretion. However, no Options shall be exercised 10 years after they have been granted. The subscription price of a Share in respect of a particular Option shall be not less than the highest of: (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average official closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

Options granted

Options granted on 23 May 2014

The Options to subscribe for a total of 1,210,000 Shares were granted under the Share Option Scheme on 23 May 2014 to employees of the Group. The exercise price of the Options granted is HK\$3.92 per Share and the closing price of the Shares immediately before the date on which the Options were granted was HK\$4.01. Pursuant to the terms of the grant of such Options, 25% of the Options has become exercisable on each of 23 May 2015, 23 May 2016, 23 May 2017 and 23 May 2018, respectively, subject to the satisfaction of the individual performance assessment of the grantees for the relevant years. For details, please refer to the announcement of the Company dated 23 May 2014.

For the six months ended 30 June 2020, no Option granted on 23 May 2014 has been exercised, cancelled or lapsed. As at 30 June 2020, Options to subscribe for a total of 215,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 22 May 2024.

Options granted on 29 May 2015

The Options to subscribe for a total of 2,500,000 Shares were granted under the Share Option Scheme on 29 May 2015 to employees of the Group. The exercise price of the Options granted is HK\$8.036 per Share and the closing price of the Shares immediately before the date on which the Options were granted was HK\$7.95. Pursuant to the terms of the grant of such Options, 25% of the Options became exercisable on each of 29 May 2016, 29 May 2017, 29 May 2018 and 29 May 2019, respectively, subject to the satisfaction of the individual performance assessment of the grantees for the relevant years. The Options are exercisable from the vesting dates mentioned above to 28 May 2025. For details, please refer to the announcement of the Company dated 29 May 2015.

For the six months ended 30 June 2020, no Option granted on 29 May 2015 has been exercised, cancelled or lapsed. As at 30 June 2020, Options to subscribe for a total of 250,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 28 May 2025.

Options granted during the six months ended 30 June 2020

No Option was granted by the Company during the six months ended 30 June 2020.

Important Events

Movement during the reporting period

Particulars of the outstanding Options under the Share Option Scheme from 1 January 2020 to 30 June 2020 and Options granted, exercised, cancelled, forfeited or lapsed during such period are as follows:

Identity/Category of participant	Date of grant	Exercise price per Share	Vesting Date and exercise period	Balance as at 1 January 2020	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 30 June 2020	Price per Share immediately before the date of grant	Price per Share on exercise date
Mr. Song Hongfei	23 May 2014	HK\$3.92	From the date the exercise conditions are met ¹ to 22 May 2024	215,000	-Nil-	-Nil-	-Nil-	215,000	HK\$4.01	N/A ²
Ms. Hao Bin	29 May 2015	HK\$8.036	From the date the exercise conditions are met ¹ to 28 May 2025	150,000	-Nil-	-Nil-	-Nil-	150,000	HK\$7.95	N/A ²
Employees of the Group	23 May 2014	HK\$3.92	From the date the exercise conditions are met ¹ to 22 May 2024	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	HK\$4.01	N/A ²
Employees of the Group	29 May 2015	HK\$8.036	From the date the exercise conditions are met ¹ to 28 May 2025	100,000	-Nil-	-Nil-	-Nil-	100,000	HK\$7.95	N/A ²
Total				465,000	-Nil-	-Nil-	-Nil-	465,000		

Notes:

- Such Options shall be exercisable subject to the satisfaction of the individual performance assessment of the respective grantees for the relevant years. For details of the vesting schedule, please refer to the paragraph headed "Share Option Scheme – Options granted" above.
- No Option has been exercised during the six months ended 30 June 2020.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2020.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the six months ended 30 June 2020 and as at the date of this interim report, the Company has maintained sufficient public float as required under the Listing Rules.

INTERIM DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2020.

EVENTS AFTER THE REPORTING PERIOD

Further subscriptions to the Baoying A-001 Private Investment Fund* (寶盈A-001號私募基金)

On 13 July 2020, the Group further re-subscribed to the Baoying A-001 Private Investment Fund* (寶盈A-001號私募基金) managed by Qianhai Century Fund Management Co., Ltd.* (前海世紀基金管理有限公司) with RMB38,000,000. The Fund mainly invests in various financial assets. The date of interest commencement was 14 July 2020 with an investment time limit of 34 days and the investment matured on 17 August 2020. Subsequently, the Group further re-subscribed to the same Fund with RMB28,000,000 on 24 August 2020. The maturity date of the investment is 10 November 2020. Please refer to the Company's announcements dated 13 July 2020 and 24 August 2020, respectively, for further details.

Further investment in the Chang'an Trust – Wenjian Zengli No.1 Trust Scheme* (長安信託•穩健增利1號集合資金信託計劃)

On 15 July 2020, the Group re-invested in the Wenjian Zengli No.1 Trust Scheme* (長安信託•穩健增利1號集合資金信託計劃) established by Chang'an International Trust Co., Ltd.* (長安國際信託股份有限公司) with RMB38,000,000. The Chang'an Trust Scheme invests in various financial assets. The maturity date of the investment is 15 October 2020. Please refer to the Company's announcement dated 15 July 2020 for further details.

LITIGATION

Bankruptcy proceedings against the Arena Company

In December 2019, several subsidiaries of the Company began to initiate legal proceedings (the “**Legal Proceedings**”) against Wisdom Sports Arena Operation (Shenzhen) Co., Ltd. (the “**Arena Company**”) in relation to, among others, (i) return of loan; (ii) return of investment; (iii) return of prepayments; and (iv) return of payment on behalf, amounting to a total claim of approximately RMB38.0 million. Most of the Legal Proceedings formally commenced in February 2020. Please refer to the Company's announcement dated 11 February 2020 for further details.

As at the date of this interim report, bankruptcy proceedings against the Arena Company has been initiated by its creditors and the Group, being one of its creditors, has lodged the creditor's application to claim against the Arena Company for outstanding debts.

Winding-up petition against the Target Company

Reference is made to the Company's announcement dated 12 May 2020 (the “**Announcement**”) in relation to the acquisition of 49% of the issued share capital of Yuan Tong Global Financial Group Limited (the “**Target Company**”). Unless otherwise defined, capitalised terms used herein shall denote the same meaning as those defined in the Announcement.

* for identification purpose only

Important Events

The Company was informed by the Target Company that it received a statutory demand (the “**Statutory Demand**”) from a third-party (the “**Petitioner**”) regarding a claim for HK\$1.3 million being service fees allegedly owed by the Target Company to the Petitioner. The Target Company was of the view that the Petitioner did not have any merits to the case since the settlement of the HK\$1.3 million was conditional upon the fulfilment of certain conditions precedent. Since the conditions precedent were not fulfilled, the Target Company was not obliged to settle the payment.

On 30 June 2020, the Company received a notice from the Petitioner’s legal adviser informing the Company that the Petitioner had served the Statutory Demand to the Target Company and that they would issue a petition in the High Court seeking an order to wind up the Target Company (the “**Winding-up Petition**”) should the Target Company fail to respond to the Statutory Demand within 21 days from the date of service. As the Target Company has not responded to the Statutory Demand, the Petitioner filed a petition in the High Court for the winding-up of the Target Company, the hearing of which is scheduled to take place on 18 November 2020.

As at the date of this interim report, the Directors consider that the Acquisition should still progress based on the following reasons:–

- 1) Given a major contractual dispute exists between the Target Company and the Petitioner, it is unlikely for the courts to grant a winding-up order without hearing the case. Hence, it is unlikely that the courts would grant the winding-up order at the hearing in November 2020;
- 2) Based on (i) the results of the financial due diligence of the Target Company conducted for the Acquisition; and (ii) the legal advice issued by the legal adviser to the Target Company, it is noted that the Target Company is financially capable of settling the amount of HK\$1.3 million being the damages claimed (excluding interests) should they be found liable for breach of contract. Nonetheless, the Target Company believes that the Petitioner has no merits for its claims and hence will not settle the matter at this juncture;
- 3) With reference to the terms of the Sale and Purchase Agreement, completion of the Acquisition is subject to the fulfillment (or waiver) of the Conditions Precedent set out therein, in particular, “*the Company not having discovered or known that from the date of signing of the Sale and Purchase Agreement, there being any abnormal operations or any material adverse change in the business, positions (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in respect of the Target Group*”. Given the CP Long Stop Date of the Acquisition is on 28 February 2021, the Company still has sufficient time to monitor the development of the Winding-up Petition and may decide if it will continue to proceed or terminate the Acquisition if necessary. Moreover, the Down Payment of HK\$8.0 million paid by the Company is also refundable; and
- 4) The Guarantor will fully indemnify the Target Company and will settle the amount payable to the Petitioner should the Target Company be found liable.

The Directors will continue to monitor the development of the Winding-up Petition and will exercise their judgment to terminate the Acquisition should it be foreseeable that the interests of the Company and its shareholders be gravely affected. The Company will publish a supplemental announcement in relation to the development of the Winding-up Petition as and when appropriate.

Save as disclosed in this interim report, there is no occurrence of events that had a significant impact on the Group’s operation, financial and trading prospects since 30 June 2020 and up to the date of this interim report which the Board is aware of.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Company has applied the principles/code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules.

The Board is of the view that for the six months ended 30 June 2020, the Company has complied with the code provisions set out in the CG Code, save and except for code provision A.2.1. Details are set out below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, is also the president of the Company (the “**President**”) and mainly responsible for the implementation of the strategic layout of the Group.

On 3 September 2020, Ms. Ren Wen, who is an executive Director, the chairlady of the Board and the President, has stepped down as the President and would remain as an executive Director and the chairlady of the Board. Mr. Song Hongfei, who is an executive Director and vice-president of the Company, was re-designated as the President and would remain as an executive Director. Following the change of President, the Company has re-complied with code provision A.2.1 of the CG Code. For details, please refer to the Company’s announcement dated 3 September 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2020.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2020.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and with terms of reference amended on 31 March 2016 and 20 December 2018 in light of amendments to the Listing Rules.

The Audit Committee is established for the purpose of reviewing the financial information and providing supervision on the financial reporting system, risk management and internal control systems as well as the effectiveness of the internal audit function of the Group.

The Audit Committee comprises three members, namely Mr. Chen Zhijian (Chairman), Mr. Jin Guoqiang, and Mr. Ip Kwok On Sammy, all being independent non-executive Directors.

Corporate Governance and Other Information

The interim results of the Group for the six months ended 30 June 2020 are unaudited and have not been reviewed by the external auditor of the Company. The Audit Committee has reviewed together with the Company's management the accounting principles and practices adopted by the Group and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2020. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

DISCLOSURE OF CHANGE IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) in this interim report are set out below:

- 1) Ms. Ren Wen, who is an executive Director, the chairlady of the Board and the President, has stepped down from her role as the President with effect from 3 September 2020; and
- 2) Mr. Song Hongfei, who is an executive Director and the vice-president of the Company, was re-designated from vice-president to the President with effect from 3 September 2020.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	5	1,042	43,527
Cost of services		(5,321)	(70,595)
Gross loss		(4,279)	(27,068)
Other income	6	6,651	9,599
Other losses	7	(9,939)	(256,253)
Selling and distribution expenses		(1,113)	(13,173)
General and administrative expenses		(17,608)	(31,336)
Loss from operations		(26,288)	(318,231)
Finance costs	8	(19)	(29)
Share of results of associates		(592)	(1,401)
Loss before tax		(26,899)	(319,661)
Income tax credit	10	3,915	24,719
Loss for the period	11	(22,984)	(294,942)
Attributable to:			
Owners of the Company		(21,754)	(270,703)
Non-controlling interests		(1,230)	(24,239)
		(22,984)	(294,942)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		7,529	10,845
Other comprehensive income for the period, net of tax		7,529	10,845
Total comprehensive income for the period		(15,455)	(284,097)
Attributable to:			
Owners of the Company		(14,225)	(259,858)
Non-controlling interests		(1,230)	(24,239)
		(15,455)	(284,097)
Loss per share attributable to owners of the Company	13		
Basic and diluted		RMB(0.01)	RMB(0.17)

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Note	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	76,452	8,977
Right-of-use assets	15	707	8,494
Investment properties	14	–	15,692
Goodwill	16	–	–
Intangible assets	17	4,191	4,688
Financial assets at fair value through other comprehensive income	18	79,533	92,176
Other receivables	22	57,862	59,629
Investments in associates	19	11,741	12,333
Deferred tax assets		13,049	9,328
Other non-current assets		20,370	78,844
Total non-current assets		263,905	290,161
Current assets			
Inventories		2,276	2,414
Financial assets at fair value through profit or loss	20	32,909	13,229
Trade and bills receivables	21	26,486	54,964
Other receivables	22	261,903	129,441
Prepayments and other current assets	23	40,721	35,105
Cash and cash equivalents	24	23,016	167,317
Total current assets		387,311	402,470
TOTAL ASSETS		651,216	692,631

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	Note	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	25	2,454	2,454
Reserves		575,603	589,828
		578,057	592,282
Non-controlling interests		5,880	7,110
TOTAL EQUITY		583,937	599,392
LIABILITIES			
Non-current liabilities			
Lease liabilities		153	2,871
Current liabilities			
Trade payables	26	32,871	44,092
Other payables and accrued expenses		12,909	19,695
Contract liabilities		84	75
Lease liabilities		566	5,432
Income tax payables		20,696	21,074
Total current liabilities		67,126	90,368
TOTAL LIABILITIES		67,279	93,239
TOTAL EQUITY AND LIABILITIES		651,216	692,631
NET CURRENT ASSETS		320,185	312,102

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Share-based payments reserve	Statutory reserve	Other reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 25)									
At 1 January 2019 (audited)	2,454	153,007	5,694	89,526	81,902	(30,490)	832,289	1,134,382	36,584	1,170,966
Total comprehensive income for the period	-	-	-	-	-	10,845	(270,703)	(259,858)	(24,239)	(284,097)
Reversal of statutory reserve appropriation upon deregistration of subsidiaries	-	-	-	(685)	-	-	685	-	-	-
Share-based payments	-	-	48	-	-	-	-	48	-	48
Lapse of share options	-	-	(3,262)	-	-	-	3,262	-	-	-
Changes in equity for the period	-	-	(3,214)	(685)	-	10,845	(266,756)	(259,810)	(24,239)	(284,049)
At 30 June 2019 (unaudited)	2,454	153,007	2,480	88,841	81,902	(19,645)	565,533	874,572	12,345	886,917
At 1 January 2020 (audited)	2,454	54,245	911	132,471	81,902	(18,754)	339,053	592,282	7,110	599,392
Total comprehensive income for the period	-	-	-	-	-	7,529	(21,754)	(14,225)	(1,230)	(15,455)
Realisation of fair value reserve (non-recycling) upon disposal of a financial asset at fair value through other comprehensive income (note 18)	-	-	-	-	-	(720)	720	-	-	-
Changes in equity for the period	-	-	-	-	-	6,809	(21,034)	(14,225)	(1,230)	(15,455)
At 30 June 2020 (unaudited)	2,454	54,245	911	132,471	81,902	(11,945)	318,019	578,057	5,880	583,937

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations		(28,223)	(18,608)
Income tax paid		(184)	(6,256)
Net cash used in operating activities		(28,407)	(24,864)
CASH FLOWS FROM INVESTING ACTIVITIES			
Partial receipt of investment cost of an unlisted equity security under financial assets at fair value through other comprehensive income	18	16,452	–
Increase in amount due from a controlling shareholder	29(a)(ii)	(2,018)	–
Increase in amounts due from related companies		–	(2,000)
Interest income from treasury products		2,015	4,910
Interest income from loan to a company		600	1,201
Interest income from fund investment in a partnership		2,000	2,000
Interest income from short-term bank deposits		19	345
Decrease/(increase) in security trading account's balances		5,391	(11,910)
Purchases of property, plant and equipment		(26)	(441)
Purchases of treasury products		(488,740)	(740,500)
Purchases for unlisted equity securities under financial assets at fair value through other comprehensive income		–	(50,930)
Proceed from disposal of an unlisted equity security under financial assets at fair value through other comprehensive income	18	3,720	–
Proceeds from disposal of property, plant and equipment		–	17
Partial receipt of investment cost from an associate under registered share capital reduction	19(a)	–	1,000
Proceeds from disposal of treasury products		360,740	740,500
Prepayments for property, plant and equipment		–	(40,885)
Loan to a company		(9,000)	–
Prepayment for acquisition of an equity investment		(7,370)	–
Repayment received for loan to a company		15	17,000
Net cash used in investing activities		(116,202)	(79,693)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities		(286)	(4,408)
Net cash used in financing activities		(286)	(4,408)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes		594	(142)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	24	167,317	417,355
CASH AND CASH EQUIVALENTS AT 30 JUNE	24	23,016	308,248

Notes to the Interim Financial Information

1. GENERAL INFORMATION

Wisdom Sports Group (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (2012 Revision) of the Cayman Islands on 21 March 2012 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling party is Ms. Ren Wen, who is also the Chairlady of the Board. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in China is 7/F, Block 1, No. 16, Xinyuanli, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services and sports services in the PRC.

2. BASIS OF PREPARATION

This interim financial information is unaudited and has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. It was authorised for issue on 28 August 2020.

This interim financial information should be read in conjunction with the 2019 annual financial statements, which were prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) (including all HKFRSs, HKASs and Interpretations). The accounting policies (including the critical judgements made by the Directors in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of amendments to HKFRSs that are first effective from 1 January 2020 but these developments do not have a material effect on this interim financial information. The Group has not early adopted any new standard or interpretation that is not effective for the current interim period.

Notes to the Interim Financial Information

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

During the six months ended 30 June 2020 and 2019, there was no transfer between Level 2 and Level 3. The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current period the fair value disclosure of lease liabilities is also not required.

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 30 June 2020			30 June 2020
	Level 1	Level 2	Level 3	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity security (note 18)	–	11,480	–	11,480
– Unlisted equity securities (note 18)	–	–	68,053	68,053
Financial assets at fair value through profit or loss				
– Listed equity securities (note 20)	32,909	–	–	32,909
Total	32,909	11,480	68,053	112,442

Description	Fair value measurements as at 31 December 2019			31 December 2019
	Level 1	Level 2	Level 3	Total
	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity security (note 18)	–	5,018	–	5,018
– Unlisted equity securities (note 18)	–	–	87,158	87,158
Financial assets at fair value through profit or loss				
– Listed equity securities (note 20)	13,229	–	–	13,229
Total	13,229	5,018	87,158	105,405

Notes to the Interim Financial Information

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2020:

The Group's Deputy Head of Finance Department is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes and reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Deputy Head of Finance Department and the Board of Directors regularly.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Financial assets at fair value through other comprehensive income				
– Listed equity security	Market approach	Share transaction	11,480	5,018

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2020:

For level 3 fair value measurements, the following valuation techniques were applied:

- Adjusted net asset value provided by the administrator of an unlisted limited partnership.
- Price-to-sales ratios of market comparable companies under market approach.

Level 3 fair value measurements

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 30 June 2020 RMB'000 (unaudited)
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	N/A	N/A	N/A	64,693
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	6.4	Increase	2,550
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	3.0	Increase	810

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2019 RMB'000 (audited)
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	N/A	N/A	N/A	66,143
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	4.7	Increase	20,166
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Volatility of market comparable companies	52.68%	Increase	849

Notes to the Interim Financial Information

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Reconciliation of financial assets measured at fair value based on Level 3:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Financial assets at fair value through other comprehensive income – unlisted equity securities		
At 1 January 2020/1 January 2019	87,158	19,519
Addition during the period/year	–	50,930
Net unrealised gains recognised in other comprehensive income during the period/year	1,067	16,709
Partial receipt of investment cost from a financial asset at fair value through other comprehensive income (<i>note 18</i>)	(16,452)	–
Disposal during the period/year (<i>note 18</i>)	(3,720)	–
At 30 June 2020/31 December 2019	68,053	87,158

Any gains or losses arising from the remeasurement of the Group's unlisted equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained profits.

5. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Events operation and marketing income	–	8,295
Sports services income	1,042	35,232
	1,042	43,527

5. REVENUE (Continued)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
– At a point in time	1,042	43,527

Revenue recognised at a point in time for the six months ended 30 June 2020 comprises income generated from sports-related competitions by the provision of sports services when the competitions are held (2019: events operation and marketing services and sports services).

6. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income from treasury products (<i>note (a)</i>)	3,224	4,910
Interest income from loans to companies	2,048	2,035
Interest income from fund investment in a partnership	1,188	2,000
Interest income from short-term bank deposits	19	345
Government grant (<i>note (b)</i>)	152	–
Rental income	–	307
Others	20	2
	6,651	9,599

Notes:

- (a) The Group invested in unlisted treasury products issued by financial institutions in the PRC. The investments are denominated in RMB and with maturity periods within six months. The rates of return range from 2.5% to 8.5% per annum.
- (b) Government grant represents the wage subsidy received under Employment Support Scheme in Hong Kong as a time-limited compensation for expenses incurred without unfulfilled conditions during the economic instability under the novel coronavirus ("COVID-19") pandemic in the six months ended 30 June 2020.

Notes to the Interim Financial Information

7. OTHER LOSSES

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Allowance for impairment of trade and bills receivables	(4,974)	(4,218)
(Allowance for)/reversal of allowance for impairment of other receivables	(8,763)	3,563
Exchange gains	855	77
Fair value gain/(loss) on financial assets at fair value through profit or loss	5,121	(11,917)
Loss on disposals of financial assets at fair value through profit or loss	(84)	(2,719)
Impairment of intangible assets (note 17)	-	(826)
Impairment of investment in an associate (note 19(b))	-	(174)
Impairment of goodwill (note 16)	-	(156,623)
Loss on disposals of property, plant and equipment	(85)	(24)
Loss on disposal of a right-of-use asset	(124)	-
Write-off of an operating right included in intangible assets (note 17)	-	(84,552)
Others	(1,885)	1,160
	(9,939)	(256,253)

8. FINANCE COSTS

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Interest expenses on lease liabilities	19	29

9. SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker (“**CODM**”), for the purpose of resources allocation and assessment of segment performance focuses on types of services provided.

The Group has two reportable operating segments, which are: (a) Events Operation and Marketing; and (b) Sports Services.

The Group’s operating and reportable segments are as follows:

Events Operation and Marketing	Providing mainly marketing services in conjunction with sports-related competitions. Types of revenue include mainly corporate sponsorship income.
Sports Services	Providing services mainly to government, marathon runners and media companies in conjunction with sports-related competitions. Types of revenue include mainly events organisation income, live broadcasting and program production income, individual consumption income and timing services income.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment results are measured as gross loss of each segment without allocation of selling and distribution expenses, general and administrative expenses, finance costs, other income, other losses, share of results of associates and income tax credit. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

No segment assets or liabilities information or other segment information is provided as the CODM does not review this information for the purpose of resource allocation and assessment of segment performance.

No geographical segment information is presented as all the sales and operating losses of the Group are derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Notes to the Interim Financial Information

9. SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2020 and 2019 is as follows:

Six months ended 30 June 2020

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	-	1,042	1,042
Cost of services	-	(5,321)	(5,321)
Segment results	-	(4,279)	(4,279)
Other income			6,651
Other losses			(9,939)
Selling and distribution expenses			(1,113)
General and administrative expenses			(17,608)
Finance costs			(19)
Share of results of associates			(592)
Income tax credit			3,915
Loss for the period			(22,984)

9. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2019

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	8,295	35,232	43,527
Cost of services	(33,801)	(36,794)	(70,595)
Segment results	(25,506)	(1,562)	(27,068)
Other income			9,599
Other losses			(256,253)
Selling and distribution expenses			(13,173)
General and administrative expenses			(31,336)
Finance costs			(29)
Share of results of associates			(1,401)
Income tax credit			24,719
Loss for the period			(294,942)

10. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as follows:

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Current tax	194	130
Deferred tax	3,721	24,589
	3,915	24,719

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2020 and 2019.

PRC Corporate Income Tax has been provided at a rate of 25% (2019: 25%).

Tax charged on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Notes to the Interim Financial Information

11. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Amortisation of intangible assets	497	12,431
Cost of inventories utilised	–	1,077
Depreciation of investment properties	–	630
Depreciation of property, plant and equipment	5,310	2,515
Depreciation of right-of-use assets	345	4,167
Donation	200	–
Fair value (gain)/loss on financial assets at fair value through profit or loss (note 7)	(5,121)	11,917
Loss on disposals of financial assets at fair value through profit or loss (note 7)	84	2,719
Loss on disposals of property, plant and equipment (note 7)	85	24
Loss on disposal of a right-of-use asset (note 7)	124	–
Staff costs		
– Salaries, bonuses and allowances	3,991	16,811
– Retirement benefits scheme contributions	454	2,508
– Share-based payments	–	48
Write-off of an operating right included in intangible assets (note 17)	–	84,552
Allowance for impairment of trade and bills receivables	4,974	4,218
Allowance for/(reversal of allowance for) impairment of other receivables	8,763	(3,563)
Impairment of goodwill (note 16)	–	156,623
Impairment of intangible assets (note 17)	–	826
Impairment of investment in an associate (note 19(b))	–	174

12. DIVIDENDS

No dividend was proposed, declared or paid in respect of the six months ended 30 June 2020 and 2019.

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	(21,754)	(270,703)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,592,942	1,592,942

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2020 and 2019.

14. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the six months ended 30 June 2020, the Group reclassified the investment properties stated at cost of RMB28,283,000 less accumulated depreciation of RMB12,591,000 to property, plant and equipment, applying the same annual depreciation rate of 4.45% on a straight-line basis, being occupied as the principal office of the Group in the PRC.

In addition, the Group acquired items of property, plant and equipment with a total cost of RMB58,407,000, and disposed of items of property, plant and equipment with a net carrying amount of RMB1,315,000 (including three motor vehicles with a total of net carrying amount of RMB1,106,000 sold to Ms. Ren Wen, a controlling shareholder of the Company, at a consideration of RMB1,230,000 (*note 29(a)(i)*)) respectively.

Notes to the Interim Financial Information

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2020, the Group entered into a new lease agreement for 2 years with a right-of-use asset value of RMB278,000, and disposed of a right-of-use asset under an early termination of a lease for an office premise in the PRC, with a net carrying value of RMB7,719,000. The balance as at 30 June 2020 relates to office premises.

16. GOODWILL

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Cost		
At 1 January 2020/1 January 2019	191,584	191,689
Derecognition upon deregistration of a subsidiary	-	(105)
At 30 June 2020/31 December 2019	191,584	191,584
Accumulated impairment losses		
At 1 January 2020/1 January 2019	191,584	105
Impairment loss recognised during the period/year	-	191,584
Derecognition upon deregistration of a subsidiary	-	(105)
At 30 June 2020/31 December 2019	191,584	191,584
Carrying amount		
At 30 June 2020/31 December 2019	-	-

16. GOODWILL (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (“CGUs”) that are expected to benefit from that business combination. The net carrying amount of goodwill is allocated as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Events Operation and Marketing <i>(note (a))</i>	–	–
Sports Services <i>(note (b))</i>	–	–
	–	–

(a) Events Operation and Marketing

As at 30 June 2019, the recoverable amount of the Events Operation and Marketing CGU is determined based on value in use calculation, which uses a discounted cash flow forecast based on financial budget approved by the Group’s management covering a 5-year period. Cash flow beyond the 5-year period is extrapolated using an estimated weighted average growth rate of 3.0% for this CGU which is consistent with the forecast included in the industry report. The growth rate used does not exceed the long-term average growth rate for the business in which this CGU operates. The cash flow is discounted using a discount rate of 25.0%. The discount rate used is pre-tax and reflects specific risks relating to this CGU. As a result of the events that led to a write-off of an operating right to “Running in China” marathon events included in intangible assets during the six months ended 30 June 2019, the Group’s management reassessed the forecast cash flows of this CGU and determined its recoverable amount to be lower than its carrying amount. Details of the write-off of the operating right are disclosed in note 17 to the interim financial information. A full impairment of RMB51,739,000 was recognised on goodwill for the six months ended 30 June 2019.

Notes to the Interim Financial Information

16. GOODWILL (Continued)

(b) Sports Services

As at 31 December 2019, the recoverable amount of the Sports Services CGU is determined based on value in use calculation, which uses a discounted cash flow forecast based on financial budget approved by the Group's management covering a 5-year period. Cash flow beyond the 5-year period is extrapolated using an estimated weighted average growth rate of 3.0% for this CGU which is consistent with the forecast included in the industry report. The growth rate used does not exceed the long-term average growth rate for the business in which this CGU operates. The cash flow is discounted using a discount rate of 18.0%. The discount rate used is pre-tax and reflects specific risks relating to this CGU. The CGU was severely affected by the events that led to a write-off of an operating right to "Running in China" marathon events included in intangible assets, and the Group's management reassessed the forecast cash flows of this CGU and determined its recoverable amount to be lower than its carrying amount. Detail of the write-off of the operating right are disclosed in note 17 to the interim financial information. A full impairment of RMB139,845,000 was then recognised on goodwill for the year ended 31 December 2019, including an impairment of RMB104,884,000 recognised on goodwill during the six months ended 30 June 2019.

17. INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group decided to write off an operating right to "Running in China" marathon events with a net carrying amount of RMB84,552,000 (with the corresponding derecognition of deferred tax liability of RMB21,138,000). Due to organisational errors which occurred during two "Running in China" marathon events towards the end of 2018, the Chinese Athletic Association (the "CAA") had requested the Group to carry out rectification and submit a report. In January 2019, the Group had completed such rectification measures and submitted such report to the CAA, which was received and accepted by the CAA. The Group believes that there are no further issues outstanding in relation to these events. Prior to the publication of the timetable (the "Timetable") in relation to the marathon events to be held in the second half of 2019 for its "Running in China" marathon events published on 18 June 2019 by the CAA in 2019, the Group had been in active communication with the CAA in relation to the operation of the "Running in China" marathon events. However, according to the Timetable, save for one marathon event, none of the "Running in China" marathon events would be operated jointly by the CAA with the Group in the second half of 2019. The Group had entered into negotiations with the CAA, but no consensus was reached. Based on the opinions of professional advisors, in order to protect the interests of the shareholders, the Board of Directors concluded that the Group would no longer have the right to be the exclusive co-operator of the "Running in China" marathon events in the foreseeable future, and the Group would reserve the right to take further actions in respect of the exclusive operation of the "Running in China" marathon events and the "Running in China" marathon events as published by the CAA. Details on the Group's assessment that it will no longer have the right to be the exclusive co-operator of the "Running in China" marathon events in the future were disclosed in the Company's announcements dated 2 August 2019 and 18 October 2019.

Furthermore, a full impairment of certain trademarks and copyrights under software and others of RMB826,000 was recognised during the six months ended 30 June 2019 as the Group's management assessed no recoverable amount to be generated under inactive uses by the Group.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Listed equity security	11,480	5,018
Unlisted equity securities	68,053	87,158
	79,533	92,176

During the six months ended 30 June 2020, the Group disposed of an unlisted equity security, with an investment cost of RMB3,000,000, at a consideration of RMB3,720,000. The fair value gain of RMB720,000 accumulated in the fair value reserve (non-recycling) was realised and transferred directly to retained profits upon disposal. Besides, the Group had a partial receipt of investment cost of RMB16,452,000 from an unlisted equity security.

During the year ended 31 December 2019, the Group subscribed for 2.19% of the equity interest in Beijing U.S.-China Green Fund Investment Centre (Limited Partnership)(北京中美綠色投資中心(有限合夥)) (“**U.S.-China Green Fund**”) with RMB50,000,000 as one of the limited partners of U.S.-China Green Fund. U.S.-China Green Fund is mainly engaged in the business of investment management and its investment scope includes green energy, energy saving and environmental protection, medical and health care, consumption upgrading, green building and other related industries.

All of the financial assets at fair value through other comprehensive income are denominated in RMB.

Notes to the Interim Financial Information

19. INVESTMENTS IN ASSOCIATES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Unlisted investments:		
Share of net assets	11,817	12,409
Goodwill on acquisition	6,767	6,767
	18,584	19,176
Accumulated impairment losses	(6,843)	(6,843)
	11,741	12,333

Notes:

- (a) Upon a resolution passed in the shareholders' meeting of SEG ZM Sports Culture Development Co., Ltd. ("SEG ZM") on the registered share capital reduction of SEG ZM from RMB50,000,000 to RMB20,000,000 in prior years, the Group would be returned for RMB3,000,000 of its investment cost based on its 10% equity interest in SEG ZM. During the six months ended 30 June 2019, RMB1,000,000 was received, and RMB2,000,000 is receivables from SEG ZM as at 30 June 2020 and 31 December 2019.
- (b) For investment in Vning Sports Culture Industry (Beijing) Co., Ltd. ("Vning") the recoverable amounts of this investment were determined based on fair value less costs of disposal by using discounted cash flow method as at 31 December 2019 and 30 June 2019. Discount rates of 29.0% as at 31 December 2019 and 30.0% as at 30 June 2019 were used. As a result, according to the impairment test results used by the Group, the recoverable amounts of this investment are lower than its carrying amounts due to poorer operating results, and an impairment of RMB250,000 during the year ended 31 December 2019, including an impairment of RMB174,000 recognised during the six months ended 30 June 2019, was recognised in profit or loss.
- (c) For investment in Beijing Guotaiyinke Technology Co., Ltd. ("GTYK") the recoverable amount of this investment was determined based on value in use by using discounted cash flow method as at 31 December 2019. A discount rate of 20.0% was used. As a result, according to the impairment test result used by the Group, the recoverable amount of this investment is lower than its carrying amount due to poorer operating results, and an impairment of RMB2,826,000 was recognised in profit or loss for the year ended 31 December 2019.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Listed equity securities		
– Hong Kong	20,642	6,431
– the PRC	12,267	6,798
	32,909	13,229

21. TRADE AND BILLS RECEIVABLES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade and bills receivables	80,618	104,122
Allowance for impairment of trade and bills receivables	(54,132)	(49,158)
	26,486	54,964

The aging analysis of trade and bills receivables, net of allowance for impairment of trade and bills receivables, presented based on the invoice dates is as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Within 1 month	1,376	23,671
1 to 3 months	955	18,700
4 to 6 months	455	2,210
7 to 12 months	16,668	2,939
1 to 2 years	7,032	7,444
	26,486	54,964

The carrying amounts of the Group's trade and bills receivables are all denominated in RMB.

Notes to the Interim Financial Information

22. OTHER RECEIVABLES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Cash held at security trading accounts	7,932	13,323
Treasury products <i>(note (b))</i>	129,209	–
Deposits with media companies and event organisation companies	17,955	11,928
Amount due from a controlling shareholder <i>(note 29(a)(ii))</i>	2,018	–
Advance to employees	2,716	3,594
Lease and other deposits	187	1,194
Amount due from 北體智美場館運營(深圳)有限公司 (“TYCG”) <i>(note (a))</i>	37,984	37,984
Amounts due from related companies	7,512	7,512
Fund investment in a partnership	51,188	52,000
Loans to companies	108,634	97,475
Others	2,323	3,190
Allowance for impairment of other receivables	(47,893)	(39,130)
	319,765	189,070
Non-current portion	(57,862)	(59,629)
Total current portion	261,903	129,441
Non-current portion		
Loans to companies	60,000	60,000
Allowance for impairment of other receivables	(2,138)	(371)
Total non-current portion	57,862	59,629

22. OTHER RECEIVABLES (Continued)

Notes:

- (a) The balances as at 30 June 2020 and 31 December 2019 relate originally to a proposed joint investment in TYCG between the Group and Beijing Sports and Entertainment Industry Group Limited, an independent third party, to hold 40% and 50% of the equity interest in TYCG respectively on 5 July 2018. Such proposed investment is now terminated due to sudden significant deterioration in the liquidity of TYCG during the second half of 2019. This balance is therefore categorised under “Stage 3” and a full allowance for impairment was provided as at 31 December 2019 as a result of the significant financial difficulties from the insolvency of TYCG. The Group had commenced legal proceedings on the debt recovery and details of the corresponding legal proceedings were disclosed in the Company’s announcement dated 11 February 2020.

Bankruptcy proceedings against TYCG has been initiated by one of its creditors on 3 June 2020. Hence the Group withdrew the foregoing legal proceedings against TYCG and has lodged its creditor’s application to claim against TYCG for the outstanding debts. A court hearing for the bankruptcy proceedings has been scheduled on 7 September 2020.

- (b) Although these treasury products do not guarantee to capital protection and minimum return, these are accounted for as other receivables measured at amortised cost due to the realisations of expected annual rates of return at maturities subsequently in July 2020. Hence, the Directors considered these treasury products have fixed maturities and interests held for the collections of contractual cash flows which represent solely payments of principals and interests in substance, and the related interest income is calculated using the effective interest method.

The carrying amounts of the other receivables are all denominated in RMB.

23. PREPAYMENT AND OTHER CURRENT ASSETS

	30 June 2020 RMB’000 (unaudited)	31 December 2019 RMB’000 (audited)
Prepayment for media resources	622	640
Prepayment for sport competition and event organisation expenses	7,215	7,723
Prepaid property management fees	82	342
Value-added and other taxes’ credits	32,130	25,276
Others	672	1,124
	40,721	35,105

The carrying amounts of prepayment and other current assets are all denominated in RMB.

Notes to the Interim Financial Information

24. CASH AND CASH EQUIVALENTS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Cash on hand	34	35
Bank balances	22,982	167,282
Cash and cash equivalents	23,016	167,317

Cash and cash equivalents comprise cash held by the Group and short-term deposits with an original maturity of three months or less. The balances are mainly denominated in US Dollars and RMB.

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

25. SHARE CAPITAL

	At 1 January 2019 (audited), 30 June 2019 (unaudited), 1 January 2020 (audited) and 30 June 2020 (unaudited)		
	Number of shares '000	US\$'000	RMB'000
Authorised:			
Ordinary shares of US\$0.00025 each	4,000,000	1,000	-
Issued and fully paid:			
Ordinary shares of US\$0.00025 each	1,592,942	398	2,454

26. TRADE PAYABLES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade payables	32,871	44,092

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and generally due upon demand. The aging analysis of trade payables based on the invoice dates is as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Within 1 month	827	27,564
1 to 3 months	1,641	5,631
4 to 6 months	1,393	1
7 to 12 months	18,276	2,931
Over 12 months	10,734	7,965
	32,871	44,092

The carrying amounts of the Group's trade payables are all denominated in RMB.

27. CONTINGENT LIABILITY

As at 30 June 2020, the Group has no contingent liability (31 December 2019: RMB2,300,000 about a litigation matter of a breach of contract for the provision of Events Operation and Marketing services).

Notes to the Interim Financial Information

28. CAPITAL COMMITMENTS

Capital commitments contracted for but not provided for at the end of the reporting period:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Property, plant and equipment	-	5,035

29. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with its related parties during the period:

(i) *Related party transactions*

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Acquisition of a right-of-use asset – Shenzhen Wisdom Sports Technology Limited ("SZWS") (note (a))	-	440
Return of investment cost from an associate – SEG ZM (note 19(a))	-	3,000
Disposal of property, plant and equipment – Ms. Ren Wen (note (c))	1,230	-

29. RELATED PARTY TRANSACTIONS (Continued)

(a) The Group had the following transactions with its related parties during the period:
(Continued)

(ii) Related party balances

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Other receivables from SZWS (note (a))	2,977	2,977
Advance to SZWS (note (a))	1,073	1,073
Other receivable from 深圳韜行投資有限公司("SZRX") (note (b))	1,462	1,462
Other receivable from SEG ZM (note 19(a))	2,000	2,000
Lease liability to SZWS (note (a))	(316)	(304)
Amount due from a controlling shareholder (note (c))	2,018	–

Notes:

(a) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZWS. Other receivables arise from the receipt by SZWS on behalf of the Group, and advance relates to routine business activities both in prior years.

Lease liability as at 30 June 2020 and 31 December 2019 relates to a right-of-use asset obtained through a lease from SZWS in 2019.

(b) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZRX. The balances as at 30 June 2020 and 31 December 2019 represent the rental income receivables regarding the property leased in 2016 and other receipt by SZRX on behalf of the Group.

(c) The Group has sold three motor vehicles to Ms. Ren Wen, a controlling shareholder of the Company, during the six months ended 30 June 2020. The balance as at 30 June 2020 represents the consideration receivable, and advance for routine business activities.

Notes to the Interim Financial Information

29. RELATED PARTY TRANSACTIONS (Continued)

- (b) The emoluments of Directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Directors' fees	287	369
Salaries, bonuses and allowances	604	1,918
Retirement benefits scheme contributions	43	158
Share-based payments	–	9
	934	2,454

30. EVENTS AFTER THE REPORTING PERIOD

On 13 July 2020, the Group further re-subscribed to a treasury product which is a private investment fund (the “Fund”) managed by Qianhai Century Fund Management Co., Ltd with RMB38,000,000. The Fund mainly invests in various financial assets. The Fund does not guarantee to capital protection and minimum return, and the expected annualised rate of return is 5.2%. The date of interest commencement was 14 July 2020 and was matured on 17 August 2020. Subsequently, the Group further re-subscribed to the same Fund with RMB28,000,000 on 24 August 2020. The re-subscribed Fund has an expected annualised rate of return of 6.8%. The date of interest commencement is 25 August 2020 and will be matured on 10 November 2020. Details of these were disclosed in the Company's announcement published on the Stock Exchange on 21 April 2020, 5 June 2020, 13 July 2020 and 24 August 2020.

In addition, the Group reinvested in a treasury product which is a trust scheme (the “Trust Scheme”) established by Chang'an International Trust Co., Ltd. with RMB38,000,000 on 15 July 2020. The Trust Scheme invests in various financial assets. The Trust Scheme does not guarantee to capital protection and minimum return, and the expected annualised rate of return is 5.9%. The date of interest commencement is 15 July 2020 and will be matured on 15 October 2020. Details of these were disclosed in the Company's announcement published on the Stock Exchange on 7 April 2020 and 15 July 2020.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.